Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

# Message Text

LIMITED OFFICIAL USE

PAGE 01 IAEA V 09380 01 OF 02 061120Z

15
ACTION IO-06

INFO OCT-01 EUR-08 EA-06 ISO-00 L-01 ACDA-05 CIAE-00

INR-05 NSAE-00 RSC-01 OES-02 OMB-01 TRSE-00 ABF-01

FS-01 EB-04 SP-02 CPR-01 SCA-01 /046 W
---------- 002897
R 060845Z NOV 74
FM USMISSION IAEA VIENNA
TO SECSTATE WASHDC 5233
INFO AEC GERMANTOWN
AMEMBASSY LONDON
AMEMBASSY OTTAWA
AMEMBASSY ROME
AMEMBASSY BRUSSELS
AMEMBASSY STOCKHOLM
AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY CANBERRA
USMISSION GENEVA
AMEMBASSY TOKYO
AMEMBASSY THE HAGUE

LIMITED OFFICIAL USE SECTION 1 OF 2 IAEA VIENNA 9380

E.O. 11652: N/A
TAGS: AORG, AFIN, IAEA, UNIDO, AU
SUBJECT: APPLICATION OF VALUE-ADDED TAX TO INTER-
NATIONAL ORGANIZATIONS HEADQUARTERED IN AUSTRIA

1. SUMMARY: IAEA AND UNIDO HAVE REACHED FULL AGREEMENT IN PRINCIPLE WITH AUSTRIAN GOVERNMENT FOR REIMBURSEMENT OF VALUE-ADDED TAX (VAT) PAID IN OFFICIAL PURCHASES BY ORGANIZATIONS, ON TERMS GENERALLY SATISFACTORY TO LATTER. APPLICATION OF VAT TO INDIVIDUAL INTERNATIONAL CIVIL SERVANTS ENJOYING DIPLOMATIC P&I IS STILL OPEN PENDING RESOLUTION OF SAME QUESTION AS APPLICABLE TO DIPLOMATIC CORPS ACCREDITED TO AUSTRIA; ORGANIZATIONS' RESPECTIVE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 IAEA V 09380 01 OF 02 061120Z

HEADQUARTERS AGREEMENTS WOULD PROVIDE FOR SIMILAR ARRANGE-

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

MENTS TO BE APPLICABLE TO SUCH STAFF MEMBERS. END SUMMARY.

2. IAEA LEGAL DIVISION (RAINER) PROVIDED MISOFF WITH BRIEFING ON AGREEMENTS REACHED AT MEETING BETWEEN AUSTRIAN AUTHORITIES AND OFFICIALS OF IAEA AND UNIDO DURING WEEK OF OCTOBER 28 REGARDING LONG-STANDING QUESTION OF APPLICATION OF VAT TO THOSE ORGANIZATIONS. AGREEMENTS IN PRINCIPLE WERE, RAINER STATED, QUITE SATISFACTORY TO ORGANIZATIONS, IDENTICAL ARRANGEMENTS WILL APPLY TO IAEA AND TO UNIDO. AS ORGANIZATIONS HAD REQUESTED, AGREED ARRANGEMENTS WILL UPON ENTRY INTO FORCE BE RETROACTIVE W EFFECT TO JANUARY 1, 1973, WHEN FORMER AUSTRIAN TURNOVER TAX WAS REPLACED BY VAT.

3. GENERARLLY, AGREEMENT PROVIDES FOR REIMBURSEMENT TO ORGANIZATIONS (NOT RPT NOT EXEMPTION FROM PAYING VAT IN FIRST PLACE) BY GOA OF AMOUNTS PAID AS VAT ON TRANSACTIONS INVOLVING ANY AND ALL PURCHASES BY ORGANIZATIONS AND/OR SERVICES RENDERED TO ORGANIZATIONS, WHERE NET AMOUNT OF INVOICES FOR SINGLE TRANSACTIONS EXCLUSIVE OF VAT EXCEEDS AS 1000 (APPROX US $55) AND WHERE AMOUNT OF VAT IS SEPARATELY STATED ON INVOICE. REIMBURSEMENTS SHALL APPLY ONLY TO SINGLE TRANSACTIONS AND RUNNING ACCOUNTS (I.E., SEPARATE TRANSACTIONS COVERING AN EXTENDED PERIOD OF TIME INVOICED TOGETHER FOR TAX PURPOSES) WILL NOT RPT NOT BE PERMITTED. FYI: RAINER STATED THAT ORGANIZATIONS HAD AGREED TO LATTER POINT IN EXCHANGE FOR LOWER EXCLUSION LIMIT OF AS 1000 PER TRANSACTION WHICH THEY HAD SOUGHT. ORGANIZATIONS DO NOT RPT NOT FORESEE MAJOR PROBLEM WITH RESTRICTION OF REIMBURSEMENT APPLICABILITY TO SINGLE TRANSACTIONS; RATHER, IN VIEW OF PROBLEMS ENCOUNTERED IN ADMINISTERING REIMBURSEMENT ARRANGEMENT IN CONNECTION WITH TURNOVER TAX, WHICH INVOLVED RUNNING ACCOUNTS COMBINED WITH MUCH HIGHER LIMIT, THEY REGARDED SINGLE TRANSACTIONS WITH AS 1000 EXCLUSION LIMIT AS POTENTIALLY MUCH SIMPLER AND EASIER ARRANGEMENT TO ADMINISTER. END FYI.

4. AGREEMENT WILL PROVIDE THAT ORGANIZATIONS FURNISH GOA WITH LISTING OF AMOUNTS CLAIMED AS REIMBURSEMENTS EVERY SIX MONTHS; GOA WILL REIMBURSE FOR AMOUNTS CLAIMED ON SOME LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 IAEA V 09380 01 OF 02 061120Z

SEMI-ANNUAL BASIS. ORGANIZATIONS WILL NOT RPT NOT BE REQUIRED TO SUBMIT COPIES OF EVERY INVOICE FOR WHICH REIMBURSEMENT IS CLAIMED, BUT GOA WILL HAVE RIGHT UNDER FORMAL AGREEMENT, WHEN CONCLUDED, TO INSPECT ORGANIZATIONAL RECORDS INCLUDING INVOICES ON WHICH CLAIMS ARE BASED. FYI: THIS ARRANGEMENT IS SIMILAR TO THAT WHICH APPLIED TO TURNOVER TAX, AND IS AIMED LARGELY AT ELIMINATING POINTLESS PAPER-HANDLING BY GOA AND ORGANIZATIONS, AND EXCESSIVE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

REPRODUCTION COSTS FOR INVOICES. END FYI.

5. OFFICIAL PURCHASES BY ORGANIZATIONS, UNDER THIS ARRANGEMENT, WILL RPT WILL INCLUDE PURCHASES OF ITEMS DESTINED FOR SALE BY IAEA AND UNIDO COMMISSARIES, DESPITE FACT THAT THESE GOODS ARE INTENDED FOR RESLAE TO QUALIFYING INDIVIDUAL MEMBERS OF SECRETARIATS. FYI: IN NEITHER CASE IS COMMISSARY A SEPARATE LEGAL ENTITY; BOTH ORGANIZATIONS MAKE COMMISSARY PURCHASES ROUTINELY IN NAME OF ORGANIZATION. END FYI. OTHER THAN THIS, HOWEVER, RAINER STATED THAT NO RPT NO CASE EXISTED WHERE ORGANIZATIONS AS SUCH MADE ANY PURCHASES IN THEIR OWN NAMES ON BEHALF OF INDIVIDUAL STAFF MEMBERS; THIS POINT WAS APPARENTLY NOT RPT NOT SPECIFICALLY ADDRESSED IN DISCUSSIONS WITH GOA, AND RAINER STATED NO ONE FORESAW ANY CHANCE OF ITS ARISING IN PRACTIVE.

6. REIMBURSEMENT OF VAT WILL APPLY EQUALLY TO ALL TRANS-ACTIONS INVOLVING ORGANIZATIONS, REGARDLESS OF WHETHER GOODS OR SERVICES INVOLVED WERE OF AUSTRIAN ORIGIN OR WERE OF NON-AUSTRIAN ORIGIN PROCURED FROM AUSTRIAN VENDOR. DUTY-FREE IMPORT PRIVILEGES FOR NON-AUSTRIAN GOODS OR SERVICES PROCURED OUTSIDE AUSTRIA WILL NOT RPT NOT BE AFFECTED BY VAT ARRANGEMENTS APPLICABLE TO TRANSACTIONS TAKING PLACE AND SUBJECT TO VAT IN AUSTRIA.

7. RAINER STATED THAT ABOVE AGREEMENT IN PRINCIPLE WILL BE EMBODIED SHORTLY (POSSIBLY WITHIN MONTH, CERTAINLY NOT MUCH LONGER) IN TWO SEPARATE BUT ESSENTIALLY IDENTICAL

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 IAEA V 09380 02 OF 02 061103Z

15
ACTION IO-06

INFO OCT-01 EUR-08 EA-06 ISO-00 L-01 ACDA-05 CIAE-00

INR-05 NSAE-00 RSC-01 OES-02 OMB-01 TRSE-00 ABF-01

FS-01 EB-04 SP-02 CPR-01 SCA-01 /046 W
---------- 002687
R 060845Z NOV 74
FM USMISSION IAEA VIENNA
TO SECSTATE WASHDC 5234

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

INFO AEC GERMANTOWN
AMEMBASSY LONDON
AMEMBASSY OTTAWA
AMEMBASSY ROME
AMEMBASSY BRUSSELS
AMEMBASSY STOCKHOLM
AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY CANBERRA
USMISSION GENEVA
AMEMBASSY TOKYO
AMEMBASSY THE HAGUE

LIMITED OFFICIAL USE SECTION 2 OF 2 IAEA VIENNA 9380

FORMAL SUPPLEMENTAL AGREEMENTS TO HEADQUARTERS AGREEMENTS BETWEEN GOA ON ONE HAND AND IAEA AND UN, ON BEHALF OF UNIDO, ON OTHER. ONLY SUBSTANTIAL DIFFERENCE IN THESE AGREEMENTS (ASIDE FROM MINOR DETAILS SUCH AS NAMES OF ORGANIZATION CONCERNED) WILL BE THAT AGREEMENT WITH IAEA WILL FORMALLY TERMINATE EXISTING SUPPLEMENTAL AGREEMENT TO IAEA HEADQUARTERS AGREEMENT, DATING FROM 1958, WHICH PROVIDED ARRANGEMENTS FOR REIMBURSEMENT TO AGENCY OF TURNOVER TAX; NO SUCH FORMAL AGREEMENT REGARDING TURNOVER TAX WAS EVERY COMPLETED BETWEEN GOA AND UNIDO. ON AUSTRIAN SIDE, FINAL AGREEMENT MUST BE SUBMITTED TO CABINET FOR APPROVAL (PROCESS WHICH WILL TAKE AT LEAST 2-3 WEEKS AFTER FINAL TEXT IS INITIALED), BUT DOES NOT RPT NOT REQUIRE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE



PARLIAMENTARY ACTION. ON ORGANIZATIONAL SIDE, RAINER STATED NO FINAL DECISION HAD BEEN REACHED AS YET, BUT THAT PRELIMINARY OPINION WAS THAT AGREEMENT WOULD NOT RPT NOT REQUIRE FORMAL SUBMISSION TO IAEA BOARD OF GOVERNORS, BUT COULD BE CONCLUDED BY DG ON HIS OWN AUTHORITY (AND, HE PRESUMED SUBJECT TO FURTHER WORD FROM NEW YORK, BY UNSYG ON BEHALF OF UNIDO AS WELL).

8. RAINER STATED THAT ABOVE AGREEMENT IN PRINCIPLE APPLIES ONLY TO TRANSACTIONS INVOLVING ORGANIZATIONS AS SUCH, AND DOES NOT RPT NOT RELATE IN ANY WAY TO TRANSACTIONS BY INDIVIDUAL INTERNATIONAL CIVIL SERVANTS ENJOYING DIPLOMATIC PRIVILEGES AND IMMUNITIES (I.E., OFFICIALS OF EITHER ORGANIZATION WITH GRADE P-5 AND ABOVE). ORGANIZATIONS WERE KEEPING APPRISED OF SEPARATE NEGOTIATIONS BETWEEN GOA AND DIPLOMATIC CORPS ACCREDITED TO AUSTRIA. UNDER TERMS OF ORGANIZATIONS HEADQUARTERS AGREEMENTS, IT WOULD BE ROUTINE PRACTICE THAT ANY ARRANGEMENTS MADE BETWEEN GOA AND CORPS RELATING TO APPLICABILITY OF VAT TO TRANS-

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

ACTIONS INVOLVING INDIVIDUAL DIPLOMATS ACCREDITED TO
AUSTRIA WOULD APPLY ALSO TO INTERNATIONAL CIVIL SERVANTS
WITH COMPARABLE P&I. ON QUESTION FROM MISOFF, RAINER
STATED THAT THIS POINT HAD NOT RPT NOT BEEN EXPLICITLY
ADDRESSED IN ORGANIZATIONS' DISCUSSIONS WITH GOA, BUT THAT
IN VIEW OF WORDING OF HEADQUARTERS AGREEMENTS AND PAST
PRACTICE, HE FORESAW NO RPT NO LIKELY PROBLEMS IN APPLYING
ANY AGREEMENT WITH DIPLOMATIC CORPS TO INTERNATIONAL CIVIL
SERVANTS AS WELL, AND THAT AFTER ALL DISCUSSIONS WITH GOA
HE HAD BEEN GIVEN NO RPT NO REASON TO EXPECT THAT GOA WOULD
NOT RPT NOT AGREE TO APPLY SUCH ARRANGEMENTS TO INTERNATIONAL
CIVIL SERVANTS WHEN THEY WERE FINALLY AGREED BETWEEN GOA
AND DIPLOMATIC CORPS. AS PREVIOUSLY REPORTED, GOA HAS
ALREADY INDICATED THAT SEPARATE MISSIONS TO INTERNATIONAL
ORGANIZATIONS, AND MEMBERS OF STAFFS AS INDIVIDUALS, WILL
RECEIVE TREATMENT REGARDING VAT IDENTICAL TO THAT ACCORDED
TO DIPLOMATIC MISSIONS ACCREDITED TO GOA.

9. REGARDING INTERNATIONAL CIVIL SERVANTS OF GRADES P-4
AND BELOW, WHOSE P&I IS LIMITED UNDER HEADQUARTERS AGREEMENTS,
RAINER STATED THAT HE COULD SEE NO RPT NO REASONABLE CHANCE
THAT GOA WOULD AGREE TO ANY SPECIAL ARRANGEMENTS FOR EX-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 IAEA V 09380 02 OF 02 061103Z

EMPTION OR REIMBURSEMENT OF VAT TO SUCH INDIVIDUALS;
HEADQUARTERS AGREEMENTS GAVE NO REAL GROUNDS FOR SUCH
CLAIM, IN HIS (UNOFFICIAL BUT HIGHLY INFORMED) VIEW, AND
HE COULD SEE NO OTHER BASIS FOR A CLAIM OF THIS TYPE.

10. RAINER STATED THAT THIS FINAL ROUND OF DISCUSSIONS
HAD MOVED EXTREMELY SMOOTHLY AND HAD BEEN VERY HARMONIOUS,
WITH GOA EVIDENTLY ANXIOUS TO REACH AGREEMENT. HE SAID HE
COULD OFFER NO RPT NO GOOD REASON FOR LONG DELAY, OR FOR
RATHER UNCOOPERATIVE ATTITUDE WHICH ORGANIZATIONS HAD
NOTED PARTICULARLY IN CERTAIN QUARTERS OF FINANCE
MINISTRY (FOREIGN MINISTRY HAD ALWAYS BEEN IN ORGANIZATION'S
CORNER), BEYOND USUAL TENDENCY FOR LOWER-LEVEL BUREAUCRATS
TO DELAY SUCH MATTERS UNTIL JOGGED BY SUPERIORS. IN THIS
CASE, APPARENTLY, DIRECT APPROACHES BY IAEA AND UNIDO TO
CHANCELLOR KREISKY AND BY FONMIN TO FINANCE MINISTER ANDROSCH
WERE THINGS THAT BROKE THROUGH THE DEADLOCK.

11. MISSION WILL ADVISE IF THERE ARE ANY FURTHER DEVELOP-
MENTS DURING FORMALIZATION OF ABOVE AGREEMENTS WHICH
AFFECT TERMS AND CONDITIONS OUTLINED ABOVE IN ANY SUB-
STANTIAL WAY.LABOWTIZ

LIMITED OFFICIAL USE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

# Message Attributes

**Automatic Decaptioning:** X
**Capture Date:** 01 JAN 1994
**Channel Indicators:** n/a
**Current Classification:** UNCLASSIFIED
**Concepts:** n/a
**Control Number:** n/a
**Copy:** SINGLE
**Draft Date:** 06 NOV 1974
**Decaption Date:** 01 JAN 1960
**Decaption Note:**
**Disposition Action:** RELEASED
**Disposition Approved on Date:**
**Disposition Authority:** golinofr
**Disposition Case Number:** n/a
**Disposition Comment:** 25 YEAR REVIEW
**Disposition Date:** 28 MAY 2004
**Disposition Event:**
**Disposition History:** n/a
**Disposition Reason:**
**Disposition Remarks:**
**Document Number:** 1974IAEAV09380
**Document Source:** CORE
**Document Unique ID:** 00
**Drafter:** n/a
**Enclosure:** n/a
**Executive Order:** N/A
**Errors:** N/A
**Film Number:** D740318-0612
**From:** IAEA VIENNA
**Handling Restrictions:** n/a
**Image Path:**
**ISecure:** 1
**Legacy Key:** link1974/newtext/t19741167/aaaacewh.tel
**Line Count:** 273
**Locator:** TEXT ON-LINE, ON MICROFILM
**Office:** ACTION IO
**Original Classification:** LIMITED OFFICIAL USE
**Original Handling Restrictions:** n/a
**Original Previous Classification:** n/a
**Original Previous Handling Restrictions:** n/a
**Page Count:** 5
**Previous Channel Indicators:**
**Previous Classification:** LIMITED OFFICIAL USE
**Previous Handling Restrictions:** n/a
**Reference:** n/a
**Review Action:** RELEASED, APPROVED
**Review Authority:** golinofr
**Review Comment:** n/a
**Review Content Flags:**
**Review Date:** 21 MAR 2002
**Review Event:**
**Review Exemptions:** n/a
**Review History:** RELEASED <21 MAR 2002 by worrelsw>; APPROVED <23 MAY 2002 by golinofr>
**Review Markings:**

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

**Review Media Identifier:**
**Review Referrals:** n/a
**Review Release Date:** n/a
**Review Release Event:** n/a
**Review Transfer Date:**
**Review Withdrawn Fields:** n/a
**Secure:** OPEN
**Status:** NATIVE
**Subject:** APPLICATION OF VALUE-ADDED TAX TO INTER- NATIONAL ORGANIZATIONS HEADQUARTERED IN AUSTRIA
**TAGS:** AORG, AFIN, AU, IAEA, UNIDO
**To:** STATE
**Type:** TE
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005